

Insurance for Small Business

Common Terms and Definitions

- ◇ **Auto insurance:** If you own and operate commercial vehicles, make sure your fleet is appropriately insured. If you rarely use your personal vehicle for business reasons, your personal policy might include the necessary coverage. Check with your agent to make sure.
- ◇ **Basic hospital plans:** Basic hospital plans cover only in-hospital (inpatient) care, not other services. This benefit may also limit subscribers to an approved or network facility. Hospitalization in a different facility may qualify for less coverage or none at all.
- ◇ **Business interruption insurance:** If you are unable to run your business due to a covered loss (fire, storm damage, vandalism, etc.), business interruption insurance will replace lost income, and pay ongoing expenses and the costs to set your business up in a temporary facility.
- ◇ **COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985):** COBRA requires companies with 20 or more employees to offer separating employees the option to continue their group health care coverage at their own expense.
- ◇ **Dependent property:** This is property not owned, operated or controlled by you, but you are dependent on it for normal business operations. Dependent property coverage protects you from financial losses caused by problems that occur somewhere other than your business. For example, this coverage will help you if your business depends on outside vendors, suppliers, or power sources that can interrupt your business operations because they experience a loss.
- ◇ **Destroyed or damaged records coverage:** If a covered loss destroys or damages your business records, this insurance compensates you for your inability to collect income, and the cost to reproduce the records.
- ◇ **Earthquake coverage:** Insurance companies offer earthquake coverage as additional coverage to standard commercial property and casualty policies. Earthquake coverage is available in Washington state. It is relatively expensive for masonry structures and business operations with high-risk inventory or equipment.
- ◇ **Employment practices coverage:** This type of coverage helps you defend against employment-related claims such as sexual harassment, age discrimination, or wrongful termination. Some policies offer legal assistance. Other policies may pay both legal costs and damages.
- ◇ **Exclusive Provider Organization (EPO) health insurance:** EPOs allow subscribers to visit any doctor within the contracted network

without prior approval or referrals. Subscribers may not receive coverage for services outside the contracted network.

- ◆ **Fleet coverage:** This multi-vehicle coverage applies to businesses that rely on a number of vehicles and need to insure them collectively.
- ◆ **Flood coverage:** This is coverage for damage caused by floods. It is not included in ordinary homeowner and commercial policies. Flood insurance, which also covers damage caused by mudslides, is available through the National Flood Insurance Program (NFIP) at 1-800-427-4661. Contact your agent for more information.
- ◆ **Foreign-product liability coverage:** This coverage applies to losses that occur due to difficulties with providing or obtaining items that foreign suppliers manufacture.
- ◆ **General liability and property coverage:** Liability insurance protects you when you are legally liable for someone's injury or property damage. The insurer pays the damages, and funds and handles your legal defense. Property insurance covers your physical assets, such as buildings, equipment, furnishings, fixtures, inventory, etc.
- ◆ **Glass coverage:** Commercial insurance packages may or may not include glass breakage. If they don't include glass coverage you may have the option to buy special glass-breakage coverage for operations that present a special risk. For example, if you own a building with a lot of expensive exterior glass, this policy covers you if the glass is broken due to theft or vandalism.
- ◆ **Health Maintenance Organization (HMO):** HMOs are health insurance plans that require subscribers to receive all of their care from a list of providers (except for some emergency care). The plan may require the subscriber's primary care doctor to provide them with a referral before they can see a specialist or go to the hospital.
- ◆ **Indemnity health insurance plans:** Indemnity plans, also called "fee-for-service," allow subscribers the freedom to select doctors or medical facilities, and permits them to self-refer to a specialist. Subscribers must meet a yearly deductible before receiving reimbursement for medical expense. Indemnity plans require the use of patient claim forms and reimbursement checks.
- ◆ **Life insurance:** Insurance agents or brokers can suggest various types of life insurance to protect your company. You can also buy key-person life insurance. This insurance pays the company upon the death of a key person, usually an owner or senior executive, to help the company deal financially with the loss or their expertise.
- ◆ **Long-Term Disability (LTD) insurance:** Long-term disability plans provide income for individuals who cannot work due to an illness or injury.
- ◆ **Point-of-Service (POS) health insurance plan:** POS plans rely on gatekeeper doctors to coordinate an enrollee's health care needs.

- ◆ **Preferred Provider Organization (PPO):** PPO health insurance plans often pay more if you get care from doctors or hospitals that contract with the insurance plan. These providers and hospitals are referred to as “network” providers. You will pay more if you go to a doctor or hospital not listed in the plan’s network.
- ◆ **Stand-alone dental plan:** This plan type provides dental coverage only.
- ◆ **Stand-alone life insurance plan:** This plan type provides life insurance only.
- ◆ **Stand-alone prescription plan:** This plan type provides prescription drug coverage only.
- ◆ **Workers’ compensation:** Most employers in Washington state are required by law to provide workers’ compensation insurance through the state’s Department of Labor & Industries (L&I). Workers’ compensation pays an employee’s medical expenses and provides some income replacement when they are injured on the job. For more information, call L&I at (360) 902-5800 or visit the agency’s Web site at <http://www.lni.wa.gov>

The Office of the Insurance Commissioner can help you!

If you have any questions or need additional information about your rights as an insurance consumer, call our Insurance Consumer Hotline at

1-800-562-6900

or visit our Web site at

<http://www.insurance.wa.gov/>